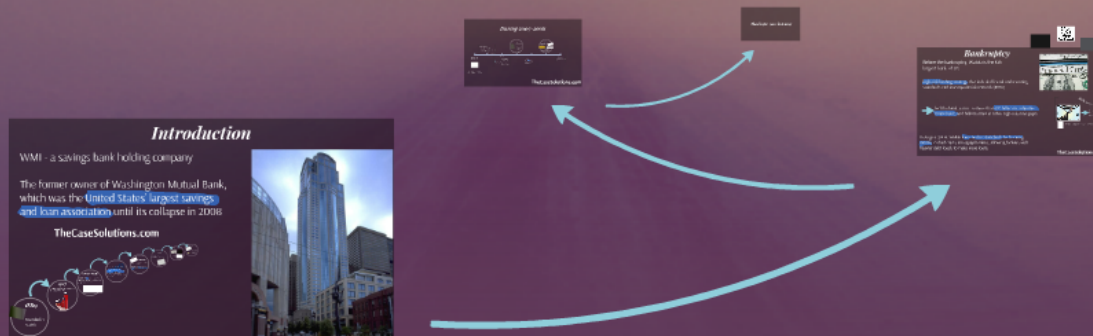


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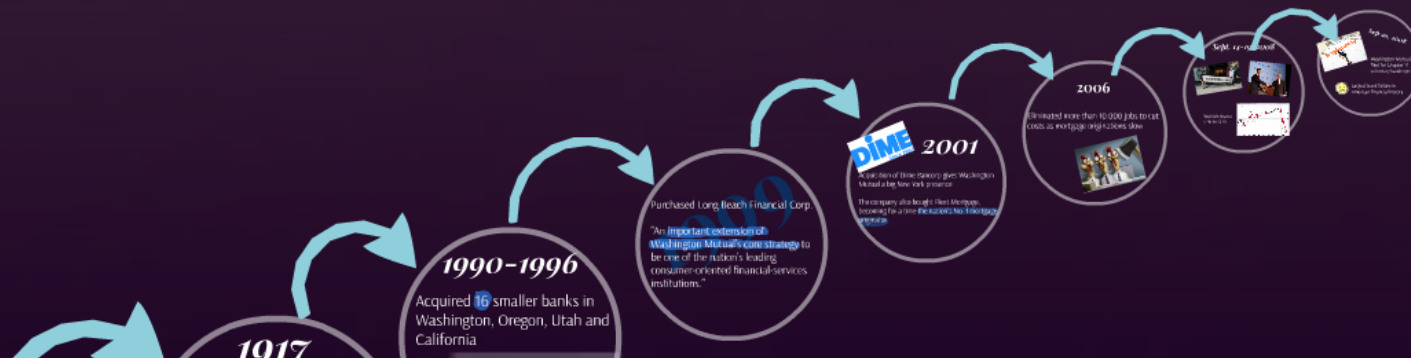
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Introduction

WMI - a savings bank holding company

The former owner of Washington Mutual Bank, which was the United States' largest savings and loan association until its collapse in 2008

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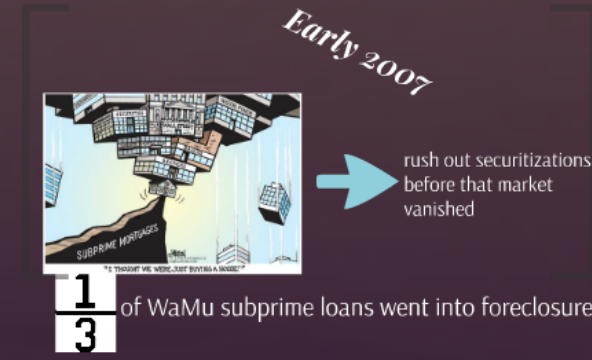
Bankruptcy

Before the bankruptcy, WaMu is the 6th largest bank of US

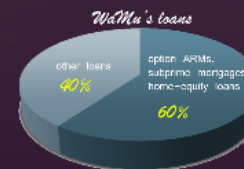
high-risk lending strategy that included liberal underwriting standards and inadequate risk controls (2003)



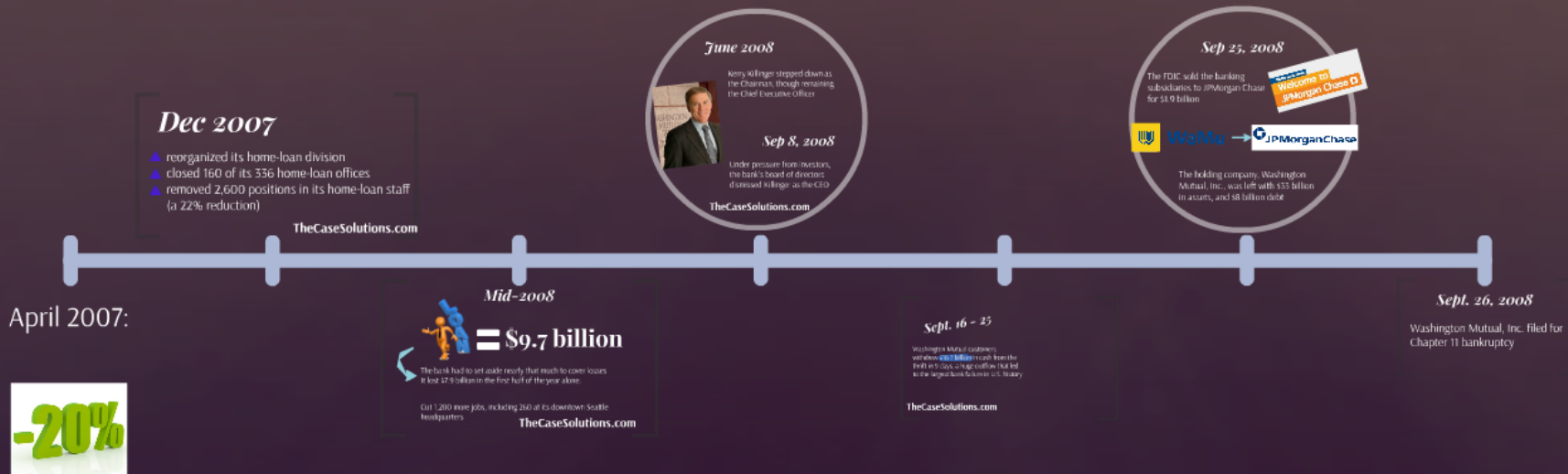
→ led the bank securitize more than \$77 billion in subprime home loans and billions more in other high-risk mortgages



In August 2004, WaMu loosened its standards for fronting money to third-party mortgage brokers, allowing brokers with heavier debt loads to make more loans



During 2007-2008



DIFFICULT YEAR

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Dec 2007


- ▲ reorganized its home-loan division
- ▲ closed 160 of its 336 home-loan offices
- ▲ removed 2,600 positions in its home-loan staff
(a 22% reduction)

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Mid-2008



= \$9.7 billion



The bank had to set aside nearly that much to cover losses
It lost \$7.9 billion in the first half of the year alone.

Cut 1,200 more jobs, including 260 at its downtown Seattle
headquarters

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June 2008

Kerry Killinger stepped down as the Chairman, though remaining the Chief Executive Officer



Sep 8, 2008

Under pressure from investors, the bank's board of directors dismissed Killinger as the CEO

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Sept. 16 - 25

Washington Mutual customers withdrew **\$16.7 billion** in cash from the thrift in 9 days, a huge outflow that led to the largest bank failure in U.S. history

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